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FISCAL IMPACT STATEMENT

LS 6460

BILL NUMBER: SB 256

NOTE PREPARED: Jan 2, 2005

BILL AMENDED:

SUBJECT: ISTEP Examination.

FIRST AUTHOR: Sen. Lubbers

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: X GENERAL
DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: The bill provides that the Indiana statewide testing for educational progress (ISTEP) tests must be administered during the spring semester.

Effective Date: July 1, 2005.

Explanation of State Expenditures: *Summary:* Under the bill, the Department of Education would be required to administer ISTEP+ examinations during the spring instead of the fall for Grades 3 thru 10. The impact to state expenditures would be dependant upon whether the Department could use developed test questions and whether an additional development and piloting phase for a spring examination would be required.

It is theoretically possible that the fall fourth grade test could be moved to be the spring third grade test. However, given that the ISTEP+ examination is criterion-based, third grade students would have to receive instruction over the materials likely to be found on the fall fourth grade test. This would require a test window at the end of the school year for third grade students. This method could reduce piloting costs of the development and trial costs of new exam questions. New cutoff scores would need to be developed. Test shifting over one semester could be possible for Grades 3 thru 8. However, regardless of the testing window, a new ninth grade test would have to be developed, as the GQE would likely not be a suitable basis for a spring ninth grade test.

If the above option were not possible, the Department would likely experience additional administrative expenses to develop and pilot new ISTEP+ assessments for Grades 3 thru 10, particularly if new questions need to be developed. Current assessments are based on proficiencies from the preceding grades (Grades 2 thru

9). New assessments given in spring would need to be based on current grade proficiencies. The development of a new test typically involves the following determinations when establishing alignment with a set of state standards: (1) the number of questions; (2) the length of each question; (3) cutoff scores; and (4) test validity and reliability.

The funds and resources required above could be supplied through a variety of sources. Ultimately, the source of funds and resources required to satisfy the requirements of this bill would depend upon legislative and administrative actions.

Fiscal Information Background: If additional test question development and piloting were required, CTB McGraw-Hill, the current vendor of the ISTEP+ examination, roughly estimates the impact to be \$6.4 M in FY 2006 and \$5.3 M in FY 2007. The impact to state expenditures would be short-term (approximately two fiscal years) and would not be ongoing. Additionally, Indiana may receive additional federal dollars in future years under the No Child Left Behind Act for Grades 3 thru 10 ISTEP+ testing, a portion of which could help offset the costs associated with this proposal. (Note: This fiscal impact statement will be updated if more precise estimates become available.)

In FY 2005, \$39,210,450 was appropriated from the state General Fund and state dedicated funds for ISTEP+ testing and remediation. Of this amount, approximately \$17 M was distributed to eligible school corporations for preventative and regular remediation, and approximately \$22.4 M was distributed for test development and administration.

ISTEP Background: ISTEP+ is Indiana's statewide student assessment program, which is administered to Grades 3 thru 10. ISTEP+ is a criterion-referenced test and administered in the fall based upon proficiencies from the previous year.

The criterion component of ISTEP+ (which includes English/Language Arts and Mathematics subject areas) measures student performance against the Indiana Academic Standard (an expectation of student achievement developed by the State Standards Task Force).

Beginning with the graduating class of the 1999-2000 school year, students who expected to graduate with a diploma were required to either: (1) complete all high school graduation credit requirements in addition to receiving a score at or above the Indiana Academic Standard on the examination; (2) successfully complete all components of the CORE 40 curriculum; or (3) successfully appeal the examination test results in accordance with current law. A student who does not receive a score at or above the Indiana Academic Standard may retake the examination during each semester of each grade following the grade in which the student is initially tested.

In the 2003-2004 school year, approximately 61% of tenth grade students received a passing score on the examination in both English and Math. Approximately 61% of the tenth grade class in the 2002-2003 school year received a score at or above the Indiana Academic Standard on both portions of the examination.

Explanation of State Revenues:

Explanation of Local Expenditures: See *Explanation of State Expenditures*.

Explanation of Local Revenues:

State Agencies Affected: Department of Education.

Local Agencies Affected: School corporations.

Information Sources: Wes Bruce, Department of Education; CTB McGraw-Hill; State of Indiana, *List of Appropriations* (July 1, 2003, to June 30, 2005); *ISTEP+ Program Manual 2004-2005*; Department of Education Internet site: <http://ideanet.doe.state.in.us>.

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